licensing Agreement "It is clear from the Agreement that "commercial exploitation" was the primary purpose rather experimentation." and therefore constitutes a prima facie case for public use or sale under U.S.C. 102(b).

Examiner perverts the fundamental basis of all technical confidence agreements, a legal contract, for his rejection basis, in particular the always mandatory vague quid pro quo and obligatory due diligence.

Examiner perverts the fundamental basis of all technical disclosure agreements, for his rejection basis, which is the transfer of confidential knowledge of previously unknown technical information for the purpose of advancing the state of science and scientific knowledge, the precise purpose of the US PTO's very existence.

Examiner perverts Research and Development and joint development and licensing agreements and arbitrarily turns these scientific efforts into commercial exploitation. Examiner confuses the massive R&D efforts of the Exhibit 3 Agreement with its ultimate goals. The function and fruition of Exhibit 3 was in fact solely and purely chemical science experimentation with not a single drop of commercial product or commercial exploitation emanating therefrom(below (<u>Lamari v. Lenard Toys</u>, 22 U.S.P.Q. 2d at 1146 (E.D. Pa 1992).

Contrary to Examiners conclusion, Redox has never offered for sale the subject technology to ACC or any other party, nor accepted or anticipated an offer to buy, nor produced for public use any amount of commercial products from the "Technology".

Rejection under 35 U.S.C. 102(b) is based on public use or sale or offer to sell more than one year prior to date of application for patent in the United States.

Rejection on "public use" grounds is impossible and by definition is contradicted by the "private" <u>confidential</u> nature of the disclosure.

Secondly, it is impossible because no commercial amount of product has ever emanated from the "Technology".

Examiner uses incorrect definitions with arbitrary and capricious interpretations of several key words and phrases from the ACC prepared Confidence Agreement, combines them with biased suppositions, biased transpositions, reversed attributes and draws compounded erroneous conclusions which Examiner then cites in the 102(b) rejection.

Examiner arbitrarily and capriciously ignores direct evidence, presented in legal written documents, sworn statements, records and addendum materials presented at Examiners request, which all contradict Examiner's rejection basis.

Examiner takes content from evidence, gives that content his interpretation when none is necessary, than cites his own interpretations which are consistently wrong as "evidence". Examiner fails to cite a single piece of direct evidence which would substantiate any one of examiners layers of suppositions. Nevertheless, Examiner calls his self created "evidence" as prima facie evidence on two separate occasions which he invokes to justify a 102(b) rejection. Prima facie means on first face or at first view.

Examiner's technical performance from a supposedly well trained legal professional, whose expertise and experience in precise patent language emanate from the clear and precise understanding of vocabulary is particularly antagonistic. Examiners attitude is biased and adversarial, when as a public employee it must be one of impartiality.

Examiner assails three areas in Paper No. 6, (a) an offer to sell, (b) intent of both parties and (c) experimental/evaluation or use. Paper No. 9 Para 6 readdresses topics (a) and (c). Each will be rebutted in depth.

Sale or Offer to Sell Issues

From the ACC prepared Confidence Agreement, Exhibit 6, Examiner cites the first set of vague words which include,

> ACC desires to receive a disclosure of the Technology "for the purpose to evaluate the Technology to determine whether ACC desires to make an offer to Redox to acquire the Technology"

incorrectly defines a key word, misinterprets others, then transforms these ACC words of "make an offer to Redox to acquire" into a Redox "offer to sell".

Acquire does not mean buy. Acquire is derived from the Latin word "acquiro" meaning to "get". The English definition of acquire is to get or to gain. ACC's vague offer to acquire has innumerable means of attainment. One can acquire by earning, by stealing, by achievement, by piracy, by gift, by assignments of rights, by sale of rights (see below court ruling at 229 U.S.P.Q. 809), by grant, by endowment, by fraud, by licensing, by bequest, etc. none of which are a basis for 102(b) rejection. ACC's legally authored words "to acquire the Technology" are intentionally vague, ill defined, non specific words of the quid pro quo of a confidence agreement and are subject to numerous interpretations.

If ACC had a real "intent of buying the Technology", would not ACC's competent lawyers describe and define such "buying intent" precisely and completely, so as to avoid ACC from being arbitrarily or unfairly turned down by Redox. No such communications or such understandings have ever existed between Redox and ACC. Ipso facto of no subsequent affirming actions of a sale of the "Technology", further establishes the fallacious reasoning based on layers of suppositions. Why does ACC need the help of Examiner?

Examiner further errs and fails to recognize that ACC's "desires to make an offer" and "to acquire the Technology" are very vague non Redox words. These are a part of the necessary vague quid pro quo of technical confidence

agreements. From the cited phrase, it is clear that ACC has not even made a determination whether it will even possess such a desire after evaluation. How is it possible for Examiner to supposition that an action of an offer to sell has been made, anticipated or contemplated by Redox, when an ACC determination of an ACC desire to an entirely different action for ACC to acquire the Technology has not been made. The pre disclosure ACC words, say ACC had not and the post facto results confirm those words.

Redox does not have control of any ACC "determination" and cannot be expected to have control over ACC's "desires to make an offer" or any other ACC action. It is incomprehensible to expect anyone to have such control over another, let alone a single inventor, small entity like Redox having such control over a $ 4.5-5.5 billion corporation like ACC.

An ACC desire to make an offer to acquire is not an offer to buy. Even an "ACC offer to buy" is distinctly opposite and different than a "Redox offer to sell". An offer to sell can only be initiated by the seller. But Redox never made such an offer to sell, nor entertained or anticipated an ACC offer to buy. Direct evidence documents prepared by competent ACC lawyers can only be interpreted by the specific written content, not by suppositions, guesses and clairvoyances. The ACC prepared Confidence Agreement was indeed prepared by ACC's competent lawyers who were fully capable of clearly expressing ACC intent without the aid of Examiner. ACC's legal staff is competent to establish a contract to buy, if that was ACC intent and desire.

From the direct evidence, for Redox to "acquire the Technology" has always meant gaining some future rights to the "Technology" by participating and contributing to its development and innovation. This is evidenced in Exhibit B Section 10 which is specific to ACC, in Exhibit B Section 7 which is specific to Celanese, in Exhibit 3 the joint development and licensing

Celanese Agreement which has been supplied in total at the request of Examiner, in Exhibit B Section 6 which was incompetently abridged by a lawyer (the unredacted version as originally prepared by applicant is appended herein as Paper No. 10 Exhibit 1) and in the US PTO Files under U.S. Pat No. 5,321,157. Many additional documents not necessary for this interference are available which demonstrate the modus operandi of Redox in seeking out "Technology" development participants.

ACC interest was solicited by Redox for development funding as expressed in Paper No. 10 Exhibit 1, the original unredacted Exhibit B Sec. 6. ACC was solicited as a potential "Technology" development participant, which is not a basis for a 102(b) rejection (see below Lamari v. Lenard Toys, 22 U.S.P.Q. 2d at 1146 (E.D. Pa 1992).

ACC knew in complete detail the full status of the Redox EG "Technology" as a highly complex work in progress during the solicitation period, prior to the Confidence Agreement and prior to the Disclosure. ACC was asked to sign a standard Redox Confidence Agreement as part of the solicitation, but lawyers being lawyers, ACC lawyers chose to use one with ACC's own words.

US PTO Review of Sale or Offer for Sale

The matter of a sale or offer for sale has been reviewed by the US PTO for like arrangements by Redox in US Patent 5,321,157. Redox-Bayer submitted an Information Disclosure Statement including a standard Redox Confidence Agreement under 37 C.F.R. 1.97(b) simultaneously with a patent application precisely to address the "sale or offer for sale" issue.

The public record in the US PTO files which evolved into US Patent 5,321,157 are the facts and pertinent legal citations which specifically

established in the US PTO that such agreements to develop technology <u>does not constitute a sale or offer for sale</u>.

The Court of Appeals for the Federal Circuit has addressed the on-sale issue in the context of the transfer of rights in an invention. See <u>Moleculon Research Corp. v. CBS</u>, 793 F.2d 1261, 229 U.S.P.Q. 805 (Fed. Cir. 1986) (subsequent appellate decisions based on different grounds). The defendant in that infringement action argued that the invention then at issue was "on sale" prior to the critical date because of negotiations between the inventor and the president of the assignee Moleculon and that the subsequently issued patent was therefore invalid. See lower court decision at 594 F. Supp 1420, 224 U.S.P.Q. 595, 600 (right column)(D. Del. 1984) The lower court, however, concluded that even if the inventor were assumed to have assigned inchoate patent rights to Moleculon, "such a transaction does not fall within the 'on sale' bar of Section 102(b) because <u>only potential rights</u> and <u>not a device and not a device embodying the invention</u> was involved." 224 U.S.P.Q. at 600(emphasis added). The C.A.F.C.--in full agreement with the lower court--held that even if an agreement had been entered into before the critical date,"<u>an assignment or sale of the rights in the invention and potential patent rights is not a sale of 'the invention' within the meaning of section 102(b).</u>" 229 U.S.P.Q. 809 (emphasis added).

For a subsequent decision that is consistent with <u>Moleculon</u>, see <u>Lamari v. Lenard Toys</u>, 22 U.S.P.Q. 2d at 1140 (E.D. Pa 1992), which held that a joint development and licensing agreement did not constitute a sale within the meaning of Section 102(b). E.g. 22 U.S.P.Q. 2d at 1446.

Note that every Redox solicitation including the first Celanese Agreement was such a joint development and licensing agreement. The entire Celanese Agreement has been turned over to the US PTO at the request of the

Examiner for review of the "for sale" issue. A microscopic examination of the Celanese Agreement unequivocally proves it to be, as attested to by applicant, a joint development and licensing agreement.

<u>Issues of "Intent" and "Experimental or Use"</u>

Examiner's errs again when he attempts to turn an ACC <u>due diligence obligation</u> into a dual denigration from Examiner's statement from Paper No. 6 that <u>"the experimental reproduction and/or evaluation of the "Technology" by ARCO alleged in page 2, item 3 was with the intent of buying the "Technology" and not refining it".</u>

ACC intent cannot be known or assumed by Examiner, and even if Examiner's supposition was the real ACC intent, it cannot be imperiously transformed by Examiner from an ACC "intent of buying" ("buying" is Examiner's word not ACC's word. "Acquire" is ACC's word) into a Redox "offer to sell", then capriciously placed as a burden on Redox.

If ACC had a real "intent of buying the Technology", most certainly their competent lawyers would describe and define such "buying intent" precisely and completely, so as to avoid ACC from being arbitrarily or unfairly turned away by Redox.

No corporate entity undertakes any type of major new obligation without due diligence. In the case of new technology the most important aspect of due diligence is to experimentally assess both the current status and the further potential of the technical aspects of the "Technology" and to evaluate both the current and future economic, marketing and other potentials.

The extent of "the experimental reproduction and/or evaluation of the "Technology" is the sole due diligence responsibility of ACC, the recipient of the Redox Disclosure. Redox has absolutely no control over the

extent, effort and thoroughness of ACC's due diligence. The extent and depth of effort expended by ACC in ACC's due diligence is a function ACC's technical capability, knowledge and experience. Neither Examiner nor Redox has any way of assessing these attributes or lack thereof at ACC.

Redox did know that ACC did not have any reliable working knowledge of the Redox "Technology". That lack of ACC knowledge and experience is in fact the basis of the Redox Disclosure to ACC. If, as the Examiner contends ACC knew the Technology, could Examiner explain why ACC did not simply make an offer to buy, instead of staging theatrics of a disclosure, as Examiner contends. The answer is two paragraphs above.

<u>Examiner fails to consider</u> from the submitted <u>evidence</u>, the vast amount of information in the Redox Disclosure given to ACC, detailed in Exhibit 6, Page 1, Section 1 and attachment thereto Exhibit A, an itemized listing of the Redox Disclosure. Concisely, this information includes a two (2) book Redox Disclosure with a huge amount of original, novel, technical information presented to ACC during a 2 day Disclosure session. Factually, there are 13 major sections in the "Technology", of which only a miniscule part, with only a few pages of the DtBP relevant Block 2 has been included in this interference as Exhibits 3, 4 and 7. The DtBP relevant portion of the Disclosure would equate to less than 3.85% of the total if measured by its proportion of total capital.

Examiner's second key rejection basis is absolutely negated and proven wrong based on the vast amount, complexity and novelty of the Redox Disclosure technical information along with the required economic, marketing etc. information which had to be evaluated, confirmed and assessed by ACC to meet due diligence.

Examiner probably has no way of understanding the complexity of the experimentation and evaluation of the "Technology" and is most likely ill equipped to render a chemical process development effort judgment about "not refining it". For Examiners information the estimated cost of "refining it", the Technology, is in the range of $25-40 million as estimated by Davy McKee-John Brown a major chemical engineering and construction firm.

Examiner's supporting statement of his interpretation of "experimental reproduction and/or evaluation...." as being "not experimental use within the meaning of the statute" is absolutely contradicted by direct evidence including adversary ACC's prepared Confidence Agreement Exhibit 6, the complexity of the "Technology" shown in Confidence Agreement Exhibit 6 as Exhibit A, by the Celanese Agreement Exhibit 3, by Paper No. 10 Exhibit 1 the original unredacted Exhibit B Section 6, by the ipso facto outcome of the Redox Disclosure to ACC, by the absence of any facts, prior to or post these events, to support Examiners house of suppositions and by Paper No. 10 Exhibit 2, which confirms ACC actions taken about a year after the Redox Disclosure, all of which contradict Examiners suppositions.

Paper No. 10 Exhibit 2 is the explanation ACC's later actions which additionally refute Examiner's suppositions about "intent" and "use or experimentation/evaluation". Well beyond the expiration of the 4 month evaluation period, ACC reopened discussions with Redox. Why? A year after the Disclosure, ACC wished to assess participating in a development effort of the "Technology" which was being pursued in Australia.

This ACC assessment included a week long examination of the proposed Australian development effort, which was reviewed in Australia by ACC personnel. To substantiate this is Paper No. 10 Exhibit 2, a second ACC

Confidence Agreement dated about a year later extending the confidence obligation to those Australian business arrangements.

Examiners contention that the ACC prepared Confidence Agreement was an offer for sale by Redox and not a bona fide ACC evaluation is a compounding of grievous errors contradicted by every existing piece of direct evidence and numerous additional legal and letter documents in Redox possession.

Paper No. 9 Rejection Basis

Examiner citing Exhibit 3, the joint development and licensing Agreement, as representing commercial exploitation, asserts that "It is clear from the Agreement that "commercial exploitation" was the primary purpose rather experimentation." and therefore constitutes a prima facie case for public use or sale under U.S.C. 102(b).

The function and fruition of Exhibit 3 was in fact solely and purely scientific chemical and chemical engineering experimentation with not a single drop of commercial product or commercial exploitation emanating therefrom. Celanese the other party to the Agreement Exhibit 3 solicited Redox to become a "Technology" development participant, which is not a basis for a 102(b) rejection (see above Lamari v. Lenard Toys, 22 U.S.P.Q. 2d at 1146 (E.D. Pa 1992). Examiner does not comprehend the massive R&D efforts of the Exhibit 3 Agreement and confuses it with its ultimate goals.

Examiner fails to consider from the submitted evidence, the vast amount and complexity of the scientific efforts to develop the "Technology" process. Evidence in Exhibit 6, Page 1, Section 1 and attachment thereto Exhibit A, suggests the massiveness of technical effort with the huge amount of original, novel, technical information which required research and development. Factually, there are 13 major sections in the "Technology",

all of which require researching and developing technical expertise. The DtBP relevant portion equates to less than 3.85% of the total if measured by its proportion of total capital. Davy McKee-John Brown has estimated the R&D cost of the "Technology" at $25-40 million from this point forward. A commercial plant would cost upward of $ 200 million.

Examiner fails to study the evidence incorporated within the Agreement Exhibit 3. Said Agreement is a pure joint development and licensing agreement. Section 1.3 defines it as a R&D effort with its goal defined in Section 1.4. The joint aspect is evident from Sections 1.7 and 1.9 which recognizes that Celanese, Redox's partner will likely develop technology and patents derived from Redox for mutual benefit and Sections 1.8 and 2.0 recognized Redox will do likewise. Section 2.1 defines the cooperation and the expected duration of the R&D at from 5 to 7 years. It could not be more obvious on its face that the purpose of the Agreement was for solely to research and develop the technology by experimentation.

Sections 2.2, 2.5, 2.6 and 2.8 partially define Redox obligations in the joint development. Said contractual obligations were consulting to provide the chemical insight and guidance for the development. In Section 2.5, Redox agrees to continue its R&D. Redox-Celanese's 3 to 5 day meetings involving 10 to 20 Celanese scientists and engineers from Celanese were scheduled about 4 times a year. Exhibit 5 of the interference is a synopsis of one such meeting which highlights only the prior 3 month of Redox research. As an exhibit it demonstrates DtBP related material. Clearly, the evidence proves unequivocally that the R&D activity is for experimental purposes.

Licensing aspects of the Agreement are covered very clearly and with great specificity in Section 3. They clearly point out that each party will

benefit from the joint effort in relationship to their contributions. It is plainly evident that no sale is made or anticipated.

Examiner's Q.E.D conclusion from his arguments, " It is clear from the Agreement that "commercial exploitation" was the primary rather than experimentation.", as the basis of rejection under 35 U.S.C. 102(b) are absolutely convoluted and wrong on its face to anyone in the chemical industry experienced in scientific innovation. The primary, indeed the sole purpose of the Agreement was experimentation and scientific advancement on both a theoretical and practical level. The goal after the development and successful innovation is indeed commercial exploitation, not by sale, but by cross licensing based on each parties separate contribution to the total innovation. In fact, the first plant of any new technology is considered a part of innovation, because there are innumerable scientific and engineering problems which can arise from scale-up, extensive and continuous recycles and many other unpredictable factor which cannot be studied even at the most advanced state of the development phase. Chemical history is filled with such first plant commercial failures including ACC's $300 million Channelview EG plant which was the first plant commercialization of applicants third major invention for ACC. Applicant's first two major PO inventions which created ACC were successfully implemented.

Examiners comments on a number of obvious and irrelevant words and phrases from the Confidence Agreement and the Celanese Agreement such as, the purpose of the $ 20,000 disclosure fee, royalty, unspecified fees and blacked out as if some dark secret has been uncovered.

If Examiner did examine Exhibit 6 page 2 Section 4 he would note the specificity for the ACC $ 20,000 payment as being for Redox services and granting of rights. Factually, Redox lost substantial monies on the ACC

Disclosure because of the very substantial cost incurred with ACC's evaluation of Redox's Australian efforts. Examiner emphasizes the "blacked out" fees? Does Examiner infer that these constitute a sale? There are other blacked out numbers, none of which hide the context of anything.

What would one expect from a joint development and licensing Agreement. Royalties are part of licensing, they are not a sale price. Costs whether called fees or anything else are part of every effort, they are not a sale price.

Ignotum per ignotius, "the unknown (explained) by the still more unknown", is an untenable basis for rejection of applicants claims. Applicant has demonstrated a real prima facie showing that applicant has never used or made a sale or offer for sale under 35 U.S.C. 102(b) and has made a real prima facie showing of being the first to invent as required by 37 CFR 1.608 and request that Examiner allow Claims 1-17 and declare an interference.

Respectfully submitted,

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